



QUARTERLY STATEMENT

AS OF JUNE 30, 2007
OF THE CONDITION AND AFFAIRS OF THE

Community Choice Michigan

NAIC Group Code	0000	0000	NAIC Company Code	95562	Employer's ID Number	38-3252216
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated/Organized	05/24/1995		Commenced Business	08/01/1996		
Statutory Home Office	2369 Woodlake Dr, Suite 200			Okemos, MI 48864		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	2369 Woodlake Dr, Suite 200		Okemos, MI 48864	517-349-9922		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Mail Address	2369 Woodlake Dr, Suite 200		Okemos, MI 48864			
	(Street and Number or P.O. Box)		(City or Town, State and Zip Code)			
Primary Location of Books and Records	2369 Woodlake Dr, Suite 200		Okemos, MI 48864	937-531-2206		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number)		
Internet Website Address	www.ccmhmo.org					
Statutory Statement Contact	Pamela S. Sedmak			937-531-2206		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	pamela.sedmak@csmg-online.com			937-531-2676		
	(E-Mail Address)			(Fax Number)		
Policyowner Relations Contact	2369 Woodlake Dr, Suite 200		Okemos, MI 48864	800-390-7102		
	(Street and Number)		(City or Town, State and Zip Code)	(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Christine Baumgardner	Board President	Chris Shea	Board Vice-President
Sharron Gallop	Board Secretary-Treasurer		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Velma Hendershott	Denise Holmes	Patricia Teague	Evonne Williams
Sharron Gallop	Christine Baumgardner	Chris Shea	Gwendolyn Williams
AJ Jones	Linda Shively	Becky Charland	

State of Michigan
County of Ingham ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Christine Baumgardner
Board President

Chris Shea
Board Vice-President

Sharron Gallop
Board Secretary-Treasurer

a. Is this an original filing? Yes [X] No []

- b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

Subscribed and sworn to before me this
day of ,
,

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	5,555,089		5,555,089	5,542,040
2. Stocks:				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate:				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$14,852,454), cash equivalents (\$0) and short-term investments (\$5,883,923)	20,736,377		20,736,377	17,555,089
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	26,291,466	0	26,291,466	23,097,129
11. Title plants less \$charged off (for Title insurers only)			0	0
12. Investment income due and accrued	109,414		109,414	130,897
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	131,200		131,200	128,000
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premiums)			0	0
13.3 Accrued retrospective premiums			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers	267,307		267,307	131,545
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software			0	0
19. Furniture and equipment, including health care delivery assets (\$)			0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$1,399,364) and other amounts receivable	2,249,171	849,807	1,399,364	1,653,758
23. Aggregate write-ins for other than invested assets	63,494	63,494	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	29,112,052	913,301	28,198,751	25,141,329
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
26. Total (Lines 24 and 25)	29,112,052	913,301	28,198,751	25,141,329
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0	0
2301. Prepaid Insurance.....	34,032	34,032	0	0
2302. Prepaid Other	29,462	29,462	0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	63,494	63,494	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	13,781,112		13,781,112	9,973,665
2. Accrued medical incentive pool and bonus amounts	23,800		23,800	23,800
3. Unpaid claims adjustment expenses	222,340		222,340	183,628
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserve			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	2,166,433		2,166,433	3,034,550
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	34,461		34,461	48,586
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	16,228,146	0	16,228,146	13,264,229
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX		0
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	358,046	358,046
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	11,612,559	11,519,054
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24) \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25) \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	11,970,605	11,877,100
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	28,198,751	25,141,329
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 thru 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	299,422	290,695
2. Net premium income (including \$ non-health premium income).....	XXX	66,874,882	51,067,450
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(4,021,860)	(3,030,590)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	62,853,022	48,036,860
Hospital and Medical:			
9. Hospital/medical benefits		29,618,864	23,850,590
10. Other professional services		14,637,557	4,006,181
11. Outside referrals			0
12. Emergency room and out-of-area		3,687,059	3,772,923
13. Prescription drugs		10,561,201	9,912,368
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	58,504,681	41,542,062
Less:			
17. Net reinsurance recoveries		304,163	37,407
18. Total hospital and medical (Lines 16 minus 17)	0	58,200,518	41,504,655
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$ 1,494,201 cost containment expenses.....		1,929,369	1,927,392
21. General administrative expenses.....		5,030,490	3,630,079
22. Increase in reserves for life and accident and health contracts including \$ increase in reserves for life only).....			0
23. Total underwriting deductions (Lines 18 through 22)	0	65,160,377	47,062,126
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(2,307,355)	974,734
25. Net investment income earned		660,924	404,356
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	660,924	404,356
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(1,646,431)	1,379,090
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	(1,646,431)	1,379,090
DETAILS OF WRITE-INS			
0601. Quality Assurance Assessment.....	XXX	(4,021,860)	(3,030,590)
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	(4,021,860)	(3,030,590)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			0
1402.			0
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	0	0	0
2901. Third Party Liability.....			0
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year to Date	2 Prior Year to Date	3 Prior Year
CAPITAL AND SURPLUS ACCOUNT:			
33. Capital and surplus prior reporting year.....	11,877,100	16,289,713	16,289,713
34. Net income or (loss) from Line 32	(1,646,431)	1,379,090	3,591,702
35. Change in valuation basis of aggregate policy and claim reserves		0	0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		3,632	(7,954)
37. Change in net unrealized foreign exchange capital gain or (loss)		0	0
38. Change in net deferred income tax		0	0
39. Change in nonadmitted assets	1,739,936	27,640	(2,396,361)
40. Change in unauthorized reinsurance	0	0	0
41. Change in treasury stock		0	0
42. Change in surplus notes	0	(700,000)	(5,600,000)
43. Cumulative effect of changes in accounting principles		0	0
44. Capital Changes:			
44.1 Paid in		0	0
44.2 Transferred from surplus (Stock Dividend)		0	0
44.3 Transferred to surplus		0	0
45. Surplus adjustments:			
45.1 Paid in		0	0
45.2 Transferred to capital (Stock Dividend)	0	0	0
45.3 Transferred from capital		0	0
46. Dividends to stockholders		0	0
47. Aggregate write-ins for gains or (losses) in surplus	0	0	0
48. Net change in capital & surplus (Lines 34 to 47)	93,505	710,362	(4,412,613)
49. Capital and surplus end of reporting period (Line 33 plus 48)	11,970,605	17,000,075	11,877,100
DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	67,063,116	103,930,635
2. Net investment income	669,358	694,183
3. Miscellaneous income	(5,052,363)	(6,065,375)
4. Total (Lines 1 to 3)	62,680,111	98,559,443
5. Benefits and loss related payments	52,639,517	88,399,886
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	6,859,306	12,572,906
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)	0	0
10. Total (Lines 5 through 9)	59,498,823	100,972,792
11. Net cash from operations (Line 4 minus Line 10)	3,181,288	(2,413,349)
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	42,565
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	33,555
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	0	76,120
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	5,529,146
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	5,529,146
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	0	(5,453,026)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	(5,600,000)
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	0	(5,600,000)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	3,181,288	(13,466,375)
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year.....	17,555,089	31,021,464
19.2 End of period (Line 18 plus Line 19.1)	20,736,377	17,555,089

STATEMENT AS OF JUNE 30, 2007 OF THE Community Choice Michigan

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION										
	1 Total	Comprehensive (Hospital & Medical)		4 Medicare Supplement	5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group							
Total Members at end of:										
1. Prior Year	49,163	.0	.0	.0	.0	.0	.0	.0	49,163	.0
2 First Quarter	49,865	.0	.0	.0	.0	.0	.0	.0	49,865	.0
3 Second Quarter	49,678								49,678	
4. Third Quarter .....	.0									
5. Current Year	.0									
6 Current Year Member Months	299,422								299,422	
Total Member Ambulatory Encounters for Period:										
7. Physician	88,862								88,862	
8. Non-Physician	126,419								126,419	
9. Total	215,281	.0	.0	.0	.0	.0	.0	.0	215,281	.0
10. Hospital Patient Days Incurred	10,657								10,657	
11. Number of Inpatient Admissions	2,024								2,024	
12. Health Premiums Written	67,031,005								67,031,005	
13. Life Premiums Direct.....	.0									
14. Property/Casualty Premiums Written .....	.0									
15. Health Premiums Earned	67,031,005								67,031,005	
16. Property/Casualty Premiums Earned .....	.0									
17. Amount Paid for Provision of Health Care Services	52,639,517								52,639,517	
18. Amount Incurred for Provision of Health Care Services	58,504,681								58,504,681	

(a) For health premiums written: amount of Medicare Title XVIII exempt from state taxes or fees \$

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

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UNDERWRITING AND INVESTMENT EXHIBIT
ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital & medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare					0	0
7. Title XIX - Medicaid	8,998,392	49,089,363	827,795	12,953,317	9,826,187	9,973,665
8. Other Health					0	0
9. Health Subtotal (Lines 1 to 8).....	8,998,392	49,089,363	827,795	12,953,317	9,826,187	9,973,665
10. Healthcare receivables (a)	3,318,212	2,130,026	971,556	865,191	4,289,768	3,590,301
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts			23,800		23,800	23,800
13. Totals	5,680,180	46,959,337	(119,961)	12,088,126	5,560,219	6,407,164

(a) Excludes \$ loans and advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices – The annual statement has been completed in accordance with the NAIC *Accounting Practices and Procedures* manual except to the extent that State law differs. No material change has occurred since the Annual 2006 filing.

B. Use of Estimates in the Preparation of the Financial Statements – The preparation of financial statements in conformity with accounting practices prescribed or permitted by the Office of Financial and Insurance Services of the State of Michigan requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Due to the prospective nature of these estimates, actual results could differ. Medical revenues and expenses require significant estimates, which include incurred but not reported claims.

C. Accounting Policy – The Company receives monthly capitation and delivery case rate payments under its contract with the Michigan Department of Community Health. The Company is required to provide covered health care services to all recipients enrolled, regardless of the cost of care provided. Capitation and delivery case rate revenue is recognized in the month that recipients are entitled to health care benefits. Reinsurance premiums are netted against premium revenue, and reinsurance recoveries are reported as a reduction of related health care costs.

2. Accounting Changes and Correction of Errors - None

3. Business Combinations and Goodwill – None

4. Discontinued Operations - None

5. Investments

- a. Mortgage Loans - None
- b. Debt Restructuring - None
- c. Reverse Mortgage - None
- d. Loan-Backed Securities - None
- e. Repurchase Agreements - None
- f. Real Estate - None

6. Joint Ventures, Partnerships and Limited Liability Companies – The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income – Interest income earned through June 30, 2007 is accrued in the accompanying financial statements.

8. Derivative Instruments – None

9. Income Taxes – Not applicable; tax exempt 501(c)3 organization.

10. Information Concerning Parent, Subsidiaries and Affiliates –

The Company has an administrative service agreement with CareSource Management Group to perform substantially all administrative services of the Company. The Company paid management fees to CareSource Management Group based on plan revenues and other criteria. Payment for management fees and other reimbursed costs to CareSource Management Group under the administrative service agreements were \$5,939,902 for the six months ended June 30, 2007.

11. Debt - None

12. Retirement Plans, Deferred Compensation, Post Employment Benefits and Other Post Retirement Benefit Plans

- a. Defined Benefit Plan - None
- b. Defined Contribution Plan - None
- c. Multi-employer Plans - None
- d. Consolidated/Holding Company Plans - None

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations – None.

14. Contingencies

- a. Contingent Commitments - None
- b. Assessments - None
- c. Gain Contingencies - None
- d. All other Contingencies - None

15. Leases – The monthly rental for the principal office location of the Company is the financial responsibility of the management company per the administrative services agreement.

16. Information about financial instruments with off-balance sheet risk and financial instruments with concentrations of credit risk – No such instruments.

17. Sale, transfer and servicing of financial assets and extinguishments of liabilities

- a. Transfers of receivables reported as sales - None

NOTES TO FINANCIAL STATEMENTS

- b. Transfer and servicing of financial assets - None
- c. Wash sales - None

18. Gain or Loss to the reporting entity for uninsured A&H plans and the uninsured portion of partially insured plans
a. ASO plans – N/A
b. ASC plans – N/A
c. Medicare or similarly structured cost based reimbursed contracts – N/A

19. Direct premium written/produced by managing general agents/third party administrator – Not applicable.

20. September 11 Events - Not impacted.

21. Other Items
a. Extraordinary items - None
b. Troubled debt restructuring: Debtors - None
c. Other Disclosures - None

22. Events subsequent – In early 2007, the FQHC owners of Community Choice Michigan announced their intent to sell the Plan. In April 2007, CareSource Management Group tendered an offer, which the FQHC Members accepted subject to successful negotiation of a definitive purchase agreement. The definitive purchase agreement is in final negotiation and the Form A filing with the State of Michigan’s Office of Financial and Insurance Services (OFIS) for regulatory approval is expected to be submitted in 3Q07. Therefore, closing of the sale is anticipated by the end of 2007, contingent on OFIS approval.

23. Reinsurance-
A Ceded Reinsurance Report.
Section 1. General Interrogatories
1. No
2. No
Section 2 Ceded Reinsurance Report - Part A
1. No
2. No
Section 3 Ceded Reinsurance Report - Part B
1. \$267,306
2. No

B Uncollectable Reinsurance - None
C Commutation Reinsurance - None

24. Retrospectively rated contracts & contracts subject to redeterimation – None.

25. Change in Incurred Claims and Claims Adjustment Expenses - There has been no change in the methodology of computing incurred claims and claims adjustment expenses in the current year. Original estimates of incurred but not reported claims at December 31, 2006 were more than adequate to cover claims payments made in 2007 attributable to insured events of the prior year.
The Hospital Rate Adjustment and Graduate Medical Education reimbursements of \$10,298,670 are recorded as an aggregate medical and hospital write-in on line 14 of the Statement of Revenue and Expense and the quarter end liability of \$1,867.779 is included as a component of Claims unpaid on Page 3, line 1 of the Liabilities, Capital and Surplus page.

26. Intercompany Pooling Arrangements - Not applicable

27. Structured Settlements - Not applicable

NOTES TO FINANCIAL STATEMENTS

28. Health Care Receivables - Community Choice Michigan recorded \$ 476,478 of pharmaceutical rebates receivable at June 30, 2007, net of non-admitted amounts of \$242,297. During 2007, Community Choice Michigan collected \$432,242 for rebates related to 2006. Pharmacy rebates are netted with pharmacy expense.

The Company's administration of rebates is through a pharmacy benefits manager. Reports are generated by the PBM and these are used to estimate receivables. Estimated receivables are confirmed with actual cash receipt of rebates and the accompanying report detailing the amounts by manufacturer. These reports are received on a quarterly basis, generally six months after the quarter in which the receivable is recorded.

Column 1 Quarter	Column 2 Estimated Pharmacy Rebates As Reported on Financial Statements	Column 3 Pharmacy Rebates as billed or Otherwise Confirmed	Column 4 Actual Rebates Received within 90 days of Billing	Column 5 Actual Rebates Received Within 91 to 180 days of Billing	Column 6 Actual Rebates Received More than 180 days of Billing
06/30/2007	233,982	233,982			
03/31/2007	242,297	242,297			
12/31/2006	224,351	209,080			209,080
9/30/2006	214,552	220,253			220,353
6/30/2006	255,314	262,358			262,358
3/31/2006	185,839	204,086			204,375
12/31/2005	187,181	197,096			197,096
9/30/2005	194,774	199,688			199,688
6/30/2005	183,859	199,208			199,208
3/31/2005	202,870	193,690			193,690
12/31/2004	205,563	192,687			192,687
9/30/2004	207,827	192,870			192,870
6/30/2004	216,644	207,379			207,379
3/31/2004	206,474	184,302			184,302

29. Participating Policies - Not applicable.

30. Premium Deficiency Reserves - Not deemed necessary.

31. Anticipated Salvage and Subrogation – Subrogation recoveries totaled \$ 108,426 for the period ended June 30, 2007.

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since the prior year end unless otherwise noted.)

PART 1 - COMMON INTERROGATORIES
GENERAL

- 1.1

Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?

Yes ☐ No ☒
- 1.2

If yes, has the report been filed with the domiciliary state?

Yes ☐ No ☐
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☒ No ☐
- 2.2

If yes, date of change:

04/30/2007

If not previously filed, furnish herewith a certified copy of the instrument as amended.
3.

Have there been any substantial changes in the organizational chart since the prior quarter end?

Yes ☐ No ☒

If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 4.2

If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1	2	3
Name of Entity	NAIC Company Code	State of Domicile

5.

If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?

Yes ☒ No ☐ NA ☐

If yes, attach an explanation.
- 6.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2005
- 6.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2005
- 6.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

11/13/2006
- 6.4

By what department or departments?
- 7.1

Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 7.2

If yes, give full information:
- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes ☐ No ☒
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes ☐ No ☒
- 8.4

If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

GENERAL INTERROGATORIES

9.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?.....

Yes [] No [X]

(a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

(c) Compliance with applicable governmental laws, rules and regulations;

(d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

(e) Accountability for adherence to the code.

9.11

If the response to 9.1 is No, please explain:
In connection with the sale of the Plan, the code of ethics policy will be reviewed for compliance and amended if changes are deemed necessary.....

9.2

Has the code of ethics for senior managers been amended?.....

Yes [] No [X]

9.21

If the response to 9.2 is Yes, provide information related to amendment(s).
.....

9.3

Have any provisions of the code of ethics been waived for any of the specified officers?.....

Yes [] No [X]

9.31

If the response to 9.3 is Yes, provide the nature of any waiver(s).
.....

FINANCIAL

10.1

Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?.....

Yes [] No [X]

10.2

If yes, indicate any amounts receivable from parent included in the Page 2 amount:.....\$

INVESTMENT

11.1

Has there been any change in the reporting entity's own preferred or common stock?

Yes [] No [X]

11.2

If yes, explain:
.....

12.1

Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes [] No [X]

12.2

If yes, give full and complete information relating thereto:
.....

13.

Amount of real estate and mortgages held in other invested assets in Schedule BA:\$

14.

Amount of real estate and mortgages held in short-term investments:\$

15.1

Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes [] No [X]

15.2

If yes, please complete the following:

		1		2
		Prior Year-End		Current Quarter
		Book/Adjusted		Book/Adjusted
		Carrying Value		Carrying Value
15.21	Bonds	\$	\$	
15.22	Preferred Stock	\$	\$	
15.23	Common Stock	\$	\$	
15.24	Short-Term Investments	\$	\$	
15.25	Mortgage Loans on Real Estate	\$	\$	
15.26	All Other	\$	\$	
15.27	Total Investment in Parent, Subsidiaries and Affiliates (Subtotal			
	Lines 15.21 to 15.26).....	\$0	\$0	
15.28	Total Investment in Parent included in Lines 15.21 to 15.26 above	\$	\$	

16.1

Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes [] No [X]

16.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?
If no, attach a description with this statement.

Yes [] No [X]

GENERAL INTERROGATORIES

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 - General, Section IV.H - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [] No [X]

17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address

17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
Fifth Third Bank.....	501 Coolidge Road, Suite 102 East Lansing, MI 48823.....	Custodial agreement approved by CCM and pending execution.....

17.3 Have there been any changes, including name changes in the custodian(s) identified in 17.1 during the current quarter?

Yes [] No [X]

17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

17.5 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address
59395.....	Fifth Third Asset Management.....	38 Fountain Sq Plaza, Cincinnati, OH 45263.....

18.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed?

Yes [X] No []

18.2 If no, list exceptions:

.....

SCHEDULE A - VERIFICATION

Real Estate

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year	0	0
2. Increase (decrease) by adjustment		0
3. Cost of acquired		0
4. Cost of additions to and permanent improvements		0
5. Total profit (loss) on sales		0
6. Increase (decrease) by foreign exchange adjustment		0
7. Amount received on sales		0
8. Book/adjusted carrying value at end of current period	0	0
9. Total valuation allowance		0
10. Subtotal (Lines 8 plus 9)	0	0
11. Total nonadmitted amounts		0
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)	0	0

SCHEDULE B – VERIFICATION

Mortgage Loans

	1	2
	Year to Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year.....	0	0
2. Amount loaned during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount and mortgage interest points and commitment fees		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)	0	0

SCHEDULE BA – VERIFICATION

Other Invested Assets

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year.....	0	0
2. Cost of acquisitions during period:		
2.1. Actual cost at time of acquisitions		0
2.2. Additional investment made after acquisitions		0
3. Accrual of discount		0
4. Increase (decrease) by adjustment		0
5. Total profit (loss) on sale		0
6. Amounts paid on account or in full during the period		0
7. Amortization of premium		0
8. Increase (decrease) by foreign exchange adjustment		0
9. Book/adjusted carrying value of long-term invested assets at end of current period	0	0
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	0	0
12. Total nonadmitted amounts		0
13. Statement value of long-term invested assets at end of current period (Page 2, Line 7, Column 3)	0	0

SCHEDULE D – VERIFICATION

Bonds and Stocks

	1	2
	Year to Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	5,542,040	40,782
2. Cost of bonds and stocks acquired		5,529,146
3. Accrual of discount	13,049	13,393
4. Increase (decrease) by adjustment		(8,096)
5. Increase (decrease) by foreign exchange adjustment		0
6. Total profit (loss) on disposal		9,880
7. Consideration for bonds and stocks disposed of		42,565
8. Amortization of premium		500
9. Book/adjusted carrying value, current period	5,555,089	5,542,040
10. Total valuation allowance		0
11. Subtotal (Lines 9 plus 10)	5,555,089	5,542,040
12. Total nonadmitted amounts		0
13. Statement value	5,555,089	5,542,040

STATEMENT AS OF JUNE 30, 2007 OF THE Community Choice Michigan

SCHEDULE D - PART 1B

Showing the Acquisitions, Dispositions and Non-Trading Activity
During the Current Quarter for all Bonds and Preferred Stock by Rating Class

	1 Book/Adjusted Carrying Value Beginning of Current Quarter	2 Acquisitions During Current Quarter	3 Dispositions During Current Quarter	4 Non-Trading Activity During Current Quarter	5 Book/Adjusted Carrying Value End of First Quarter	6 Book/Adjusted Carrying Value End of Second Quarter	7 Book/Adjusted Carrying Value End of Third Quarter	8 Book/Adjusted Carrying Value December 31 Prior Year
BONDS								
1. Class 1	10,156,062	3,500,000	3,243,857	26,808	10,156,062	10,439,013	.0	10,156,062
2. Class 2 .....	.0				.0	.0	.0	.0
3. Class 3 .....	.0				.0	.0	.0	.0
4. Class 4 .....	.0				.0	.0	.0	.0
5. Class 5 .....	.0				.0	.0	.0	.0
6. Class 6	0				0	0	0	0
7. Total Bonds	10,156,062	3,500,000	3,243,857	26,808	10,156,062	10,439,013	0	10,156,062
PREFERRED STOCK								
8. Class 1 .....	.0				.0	.0	.0	.0
9. Class 2 .....	.0				.0	.0	.0	.0
10. Class 3 .....	.0				.0	.0	.0	.0
11. Class 4 .....	.0				.0	.0	.0	.0
12. Class 5 .....	.0				.0	.0	.0	.0
13. Class 6	0				0	0	0	0
14. Total Preferred Stock	0	0	0	0	0	0	0	0
15. Total Bonds and Preferred Stock	10,156,062	3,500,000	3,243,857	26,808	10,156,062	10,439,013	0	10,156,062

SCHEDULE DA - PART 1

Short-Term Investments Owned End of Current Quarter					
	1	2	3	4	5
	Book/Adjusted Carrying Value	Par Value	Actual Cost	Interest Collected Year To Date	Paid for Accrued Interest Year To Date
8299999 Totals	5,883,923	XXX	5,887,449	164,874	0

SCHEDULE DA - PART 2- VERIFICATION

Short-Term Investments Owned		
	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year.....	5,614,022	0
2. Cost of short-term investments acquired	3,256,143	18,066,034
3. Increase (decrease) by adjustment	13,758	16,015
4. Increase (decrease) by foreign exchange adjustment		0
5. Total profit (loss) on disposal of short-term investments		17,540
6. Consideration received on disposal of short-term investments	3,000,000	12,485,567
7. Book/adjusted carrying value, current period	5,883,923	5,614,022
8. Total valuation allowance		0
9. Subtotal (Lines 7 plus 8)	5,883,923	5,614,022
10. Total nonadmitted amounts		0
11. Statement value (Lines 9 minus 10)	5,883,923	5,614,022
12. Income collected during period	164,874	122,028
13. Income earned during period	143,474	125,186

Schedule DB - Part F - Section 1

NONE

Schedule DB - Part F - Section 2

NONE

SCHEDULE S - CEDED REINSURANCE

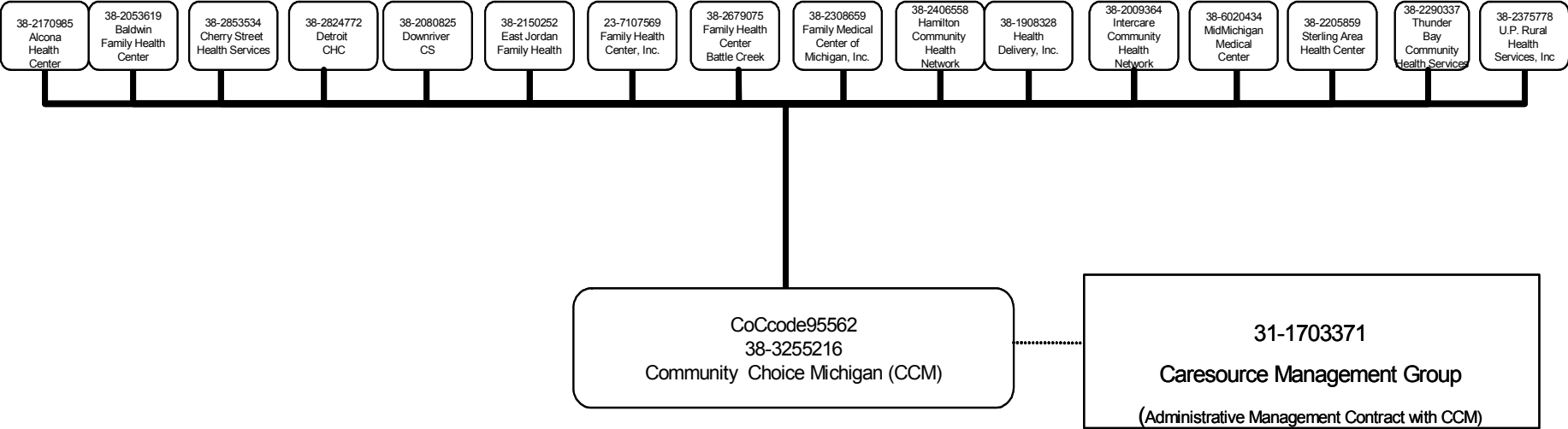
[illegible]

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

Current Year to Date - Allocated by States and Territories									
States, Etc.	1	Direct Business Only							
	Is Insurer Licensed (Yes or No)	2	3	4	5 Federal Employees Health Benefit Program Premiums	6 Life & Annuity Premiums & Other Considerations	7 Property/ Casualty Premiums	8 Total Columns 2 Through 7	9 Deposit-Type Contracts
1. Alabama	AL							.0	
2. Alaska	AK							.0	
3. Arizona	AZ							.0	
4. Arkansas	AR							.0	
5. California	CA							.0	
6. Colorado	CO							.0	
7. Connecticut	CT							.0	
8. Delaware	DE							.0	
9. District of Columbia	DC							.0	
10. Florida	FL							.0	
11. Georgia	GA							.0	
12. Hawaii	HI							.0	
13. Idaho	ID							.0	
14. Illinois	IL							.0	
15. Indiana	IN							.0	
16. Iowa	IA							.0	
17. Kansas	KS							.0	
18. Kentucky	KY							.0	
19. Louisiana	LA							.0	
20. Maine	ME							.0	
21. Maryland	MD							.0	
22. Massachusetts	MA							.0	
23. Michigan	MI	No		.67,031,005				.67,031,005	
24. Minnesota	MN							.0	
25. Mississippi	MS							.0	
26. Missouri	MO							.0	
27. Montana	MT							.0	
28. Nebraska	NE							.0	
29. Nevada	NV							.0	
30. New Hampshire	NH							.0	
31. New Jersey	NJ							.0	
32. New Mexico	NM							.0	
33. New York	NY							.0	
34. North Carolina	NC							.0	
35. North Dakota	ND							.0	
36. Ohio	OH							.0	
37. Oklahoma	OK							.0	
38. Oregon	OR							.0	
39. Pennsylvania	PA							.0	
40. Rhode Island	RI							.0	
41. South Carolina	SC							.0	
42. South Dakota	SD							.0	
43. Tennessee	TN							.0	
44. Texas	TX							.0	
45. Utah	UT							.0	
46. Vermont	VT							.0	
47. Virginia	VA							.0	
48. Washington	WA							.0	
49. West Virginia	WV							.0	
50. Wisconsin	WI							.0	
51. Wyoming	WY							.0	
52. American Samoa	AS							.0	
53. Guam	GU							.0	
54. Puerto Rico	PR							.0	
55. U.S. Virgin Islands	VI							.0	
56. Northern Mariana Islands	MP							.0	
57. Canada	CN							.0	
58. Aggregate Other Alien	OT	XXX	.0	.0	.0	.0	.0	.0	.0
59. Subtotal	XXX	.0	.0	.67,031,005	.0	.0	.0	.67,031,005	.0
60. Reporting entity contributions for Employee Benefit Plans	XXX							.0	
61. Total (Direct Business)	(a) 0	0	0	67,031,005	0	0	0	67,031,005	0
DETAILS OF WRITE-INS									
5801.	XXX								
5802.	XXX								
5803.	XXX								
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	.0	.0	.0	.0	.0	.0	.0	.0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX	0	0	0	0	0	0	0	0

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplemental is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Statement be filed with the state of domicile and the NAIC with this statement?

.....NO.....

Explanation:

1.

Bar Code:

1.



OVERFLOW PAGE FOR WRITE-INS

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

Schedule D - Part 3

NONE

Schedule D - Part 4

NONE

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part D - Section 1

NONE

SCHEDULE E - PART 1 - CASH

E08

SCHEDULE E - PART 2 CASH EQUIVALENTS

[illegible]